

WORLD COAL INSTITUTE

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Chairman: Dave Murray

Chief Executive: Malcolm Keay

WORLD COAL INSTITUTE

FINANCIAL STATEMENTS for the year ended 30 September 2002

REGISTERED NO: 1947623



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WORLD COAL INSTITUTE

Report of the Directors for the year ended 30 September 2002

1. The Directors present herewith their Report and the audited accounts of the Institute for the year ended 30 September 2002.

Principal activities

2. The Institute is a non-governmental, non-profit making industry association of worldwide coal producing and coal consuming enterprises. Its key objectives are to promote and extend the use of coal and provide a forum for the exchange of information and discussion of issues affecting the global coal industry. Through contacts with official bodies, consumers and other interested parties, the WCI aims to improve the current market for coal and strengthen coal's contribution to safeguarding the future availability of world energy supplies.

Liability of members

3. The World Coal Institute is a company limited by guarantee. In the event the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.

Review of activities and future developments

4. In the 2002 calendar year the World Coal Institute held two full meetings (in Indonesia and Germany) of all members. Worldwide developments affecting the coal industry, and the general direction of the work of the Institute, were discussed at these meetings.

The World Coal Institute has Consultative Status Category II to the United Nations Economic and Social Council, and Consultative Status to the UN Industrial Development Organisation. The Institute participated in the UN World Summit on Sustainable Development and continues to follow the ongoing negotiations under the UN Framework Convention on Climate Change.

The Institute participated in several international meetings and conferences, and co-hosted a number of CoalTrans events (London, Bali, Beijing).

The World Coal Institute completed the 'Sustainable Entrepreneurship' report for the United Nations Environment Programme, and continued to periodically update its publications, including 'Coal – Power for Progress', the Fifth Edition of which is currently being produced. The Institute also continued to update and distribute its educational 'facts cards' covering a wide range of coal statistics and associated topics. The Institute published four editions of its newsletter, Ecoal.

The World Coal Institute developed a number of 'Coal and Sustainable Development' position papers, and completed a further series under the 'Good News from Coal' project with the publication of a number of sustainable development case studies.

The Institute has continued to update and expand its website (www.wci-coal.com) throughout the year. This medium has proved to be an increasingly effective way of providing access to information for members, industry, academia, students and the public.

Membership

5. Membership is open to all coal producing and coal consuming enterprises. At 30 September 2002 membership stood at 16 companies and six Honorary Members:

Anglo Coal
BHP Billiton Mitsubishi Alliance
BHP Energy Coal
PT Adaro
PT Tambang Batubara Bukit Asam (Persero) (PT Bukit Asam)
Carbones del Zulia
Coal India Ltd
CONSOL Energy Inc
Duiker Mining Ltd
Glencore International AG
Krutrade
Mitsubishi Development Pty Ltd
RAG Coal International AG
Rio Tinto Limited
TotalFinaElf SA
UK Coal plc

Honorary Members: Dr K-H Bund
Mr J C Farrell
Mr E M Massey
Mr J H Morrish
Mr A A Sealey
Mr J M Slater

WORLD COAL INSTITUTE

Directors

6. The Articles of Association provide for each member of the Institute to appoint a director and alternate director if the member wishes to do so. The Board at 30 September 2002 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
PT ADARO INDONESIA	G L Robertson	A B Grant
ANGLO COAL	A E Redman	R Wicks
BHP BILLITON ENERGY COAL	M C Oppenheimer	-
BHP BILLITON MITSUBISHI ALLIANCE	D J K Murray	R Willims
PT TAMBANG BATUBARA BUKIT ASAM	R A Sunardi	T Isnutomo
CARBONES DEL ZULIA	R Colmenares	E Bueno
COAL INDIA LTD	N K Sharma	S V Chaoji
CONSOL ENERGY INC	J B Harvey	W A Bruno
DUIKER MINING LTD	E H J Stoyell	-
GLENCORE INTERNATIONAL AG	I Glasenberg	T Peterson
KRUTRADE	O Rosenberg	G Ayvazyan
MITSUBISHI DEVELOPMENT PTY LTD	S Ono	T Ojira
RAG COAL INTERNATIONAL AG	J W Stadelhofer	J C D Oesterlink
RIO TINTO LIMITED	G Boyce	A M Lloyd
TOTALFINAELF SA	-	D De Bourgues
UK COAL PLC	G A McPhie	B E Ricketts
WORLD COAL INSTITUTE	M R Keay (Chief Executive)	
HONORARY MEMBERS:	K-H Bund	
	E M Massey	
	J H Morrish	
	J M Slater	

The following resigned or otherwise ceased to be members of the Board during the year 1 October 2001 to 30 September 2002:

B Horwood (effective 5 October 2001)
J Curt (effective 19 April 2002)

WORLD COAL INSTITUTE

The following changes to the Board have occurred in the period from 1 October 2002 to the date of this Report:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
Total Fina Elf	D de Bourgues	M Valdelievre	6 November 2002
Xstrata	P R Coates	R H Schmidt	4 November 2002
Glencore	T Peterson	M Lochtenberg	7 November 2002
Carbones del Cerréjon	A Calderon	J D Thornton	12 March 2003
(b) Resignations:-			
Duiker Mining Ltd	E H J Stoyell		20 November 2002

**** Date of appointment or resignation/advice of resignation**

COMPANY NAME CHANGES:

None to report

Auditors

7. Ernst and Young LLP were appointed as auditors for these accounts by resolution at the Annual General Meeting on 17 April 2002. A resolution on the appointment of auditors for the financial year ended 30 September 2003 will be put to the members at the Annual General Meeting on 15 May 2003.

BY ORDER OF THE BOARD



for
M & N Secretaries Ltd
Company Secretary

Date: 16 May 2003

WORLD COAL INSTITUTE

Statement of Directors' Responsibilities

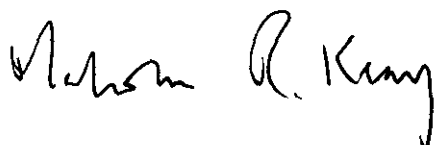
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether any applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the requirements and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in the preparation of the accounts.

BY ORDER OF THE BOARD



M R KEAY
Chief Executive

Date: 16 May 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD COAL INSTITUTE

We have audited the company's financial statements for the year ended 30 September 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 9. These financial statements have been prepared on the basis of the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members as a body, in accordance with the Company's Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom Law and accounting standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Address

Date

16 May 2003

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Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Address

Date

16 May 2003

Income and expenditure account for the year ended 30 September 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
		£	£
INCOME			
Subscriptions	2	449,008	468,346
Interest income		8,404	14,827
Other income		-	11,500
Total income		457,412	494,133
EXPENDITURE			
Accommodation		22,709	24,460
Borough Business Rates		3,956	4,862
Office Equipment & costs		30,642	32,842
Staff costs	4	278,386	249,009
Travel & subsistence		28,514	17,934
Entertainment		1,734	2,212
Cost of meetings		8,250	12,526
Legal & professional costs		150	3,607
Accounting & tax fees		5,685	5,034
Audit fee		3,300	3,000
Total Operating Expense		383,326	355,486
Promotion & publicity expenses		56,719	70,625
Global Climate expenses		17,233	67,080
Total Expenses		457,278	493,191
Surplus/(deficit) on ordinary activities before taxation	3	134	942
Taxation	5	(134)	(942)
Result/surplus for the year after taxation		0	0

All amounts above relate to continuing operations.

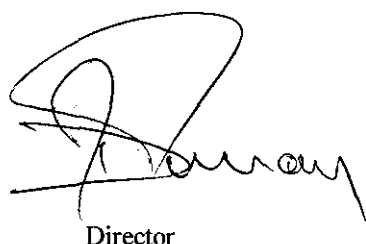
The Company has no recognised gains and losses other than the surplus/loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 11 form part of these accounts.

Balance sheet – at 30 September 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
		£	£
CURRENT ASSETS			
Debtors – amounts falling due within one year	6	6,572	10,447
Cash at bank and in hand		201,462	133,819
Deposits		250,000	150,000
		<u>458,034</u>	<u>294,266</u>
Creditors: amounts falling due within one year	7	(458,034)	(294,266)
CURRENT ASSETS/(LIABILITIES)		<u>0</u>	<u>0</u>
RESERVES			
Income and expenditure account		<u>0</u>	<u>0</u>

Approved by the Board of Directors on 16 May 2003
and signed on its behalf by:



Director

The notes on pages 9 to 11 form part of these accounts.

Notes to the accounts – for the year ended 30 September 2002

(1) Principal accounting policies

(a) Accounting convention

The accounts are prepared under the historical cost convention and are in accordance with applicable UK accounting standards.

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

(b) Subscriptions

Subscription income, which is stated net of value added tax, is recognised in the period to which it relates. Any excess of the current period subscription income over expenses in the same period is carried forward to cover the expenses arising in future periods. Subscriptions are invoiced to the members in £ sterling.

(c) Fixed assets

Assets are expensed to the income and expenditure account in the year of purchase.

(d) Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will eventuate.

(e) Operating Leases

Costs in respect of operating leases are charged upon a straight line basis over the lease term.

(f) Comparative figures

Certain previous year's figures have been restated to conform with the 2001 presentation

(2) Subscriptions and special contributions

Income from members' subscriptions and special contributions for the year (excluding VAT) was as follows:

	<u>2002</u>	<u>2001</u>
	£	£
Subscription income	449,008	468,346

An amount totalling £510,261 was invoiced to Members on 1 September 2002 being subscriptions for the period 1 October 2002 to 30 September 2003.

Notes to the accounts – for the year ended 30 September 2002

(3) Surplus/(deficit) on ordinary activities before taxation

	<u>2002</u> £	<u>2001</u> £
Surplus/(deficit) on ordinary activities before taxation is stated after charging:		
Hire of office equipment – operating leases	3,611	3,807
Annual office rent	15,000	17,500
Fixtures & fittings expensed (included in office equipment & costs)	4,712	3,066
(4) <u>Staff costs</u>	<u>2002</u>	<u>2001</u>
	£	£
Wages & Salaries	243,274	179,645
Social security costs	26,299	19,852
	<u>269,573</u>	<u>199,497</u>
Other staff costs, recruitment and relocation	8,813	49,512
Staff costs – operating expenses	<u>278,386</u>	<u>249,009</u>

The average number of staff during the year was 3 (2001: 3)

Directors' Emoluments (including pension contributions)

	£	£
Emoluments of the Chief Executive		
R W Knapp	80,756	139,516
M R Keay	77,337	-

With the exception of the emoluments of the Chief Executive who, in accordance with the Articles of Association, is Ex Officio a Director, none of the Board of Directors received any remuneration for their services to the company (2001: £NIL). No expenses were incurred by the current Chairman, Dave J K Murray, on World Coal Institute activities (2001: nil).

(5) <u>Tax on surplus on ordinary activities</u>	<u>2002</u> £	<u>2001</u> £
UK Corporation tax at 5% (2000 10%)	134	942

(Limited by guarantee)

Notes to the accounts – 30 September 2002

(6) Debtors – amounts falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Prepayments and accrued income	5,808	6,552
Value Added Tax	764	3,895
	<u>6,572</u>	<u>10,447</u>

(7) Creditors – amounts falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Sundry Creditors and Accruals	22,310	14,376
Subscriptions: charged in advance	435,590	278,948
Contributions: (Promotion) Article 17 in advance	-	-
Corporation Tax	134	942
Deferred Income: Life Cycle Analysis Project	-	-
	<u>458,034</u>	<u>294,266</u>

(8) Lease commitments

The company's commitments for annual rental payments under operating leases payable during the year to 30 September 2002 are as follows:

	<u>Land and Buildings</u>	<u>Other Operating Leases</u>
Leases expiring between two and five years	£15,000*	£2,552

*Lease for Land and Buildings was renegotiated in December 2000; annual rental payments now total £15,000 under the lease of premises at Cambridge House, with the lease to expire in December 2005; service charges linked to this lease are currently an additional £4,875 per annum.

(9) Liability of members

The Institute is a company limited by guarantee. In the event that the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.